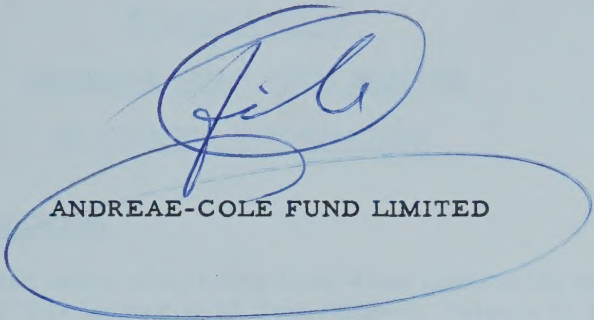


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ANDREAE-COLE FUND LIMITED

OCT 21 1963

PROSPECTUS

STATUTORY INFORMATION

January 23, 1963

PROSPECTUS

ANDREAE-COLE FUND LIMITED

STATUTORY INFORMATION

1. NAME AND ADDRESS

The head office of Andreae-Cole Fund Limited (hereinafter called the "Company") is located at 55 Yonge Street, Toronto 1, Ontario.

2. INCORPORATION

The Company was incorporated as an investment company by letters patent dated August 23, 1960 under The Corporations Act of Ontario.

3. NATURE OF BUSINESS

The general nature of the business actually transacted by the Company is operating as an open-end investment company and investing its assets in securities.

INVESTMENT POLICY

There are no restrictions on investments imposed on the Company by its letters patent. However, the Board of Directors has laid down the following general rules to guide the Company's investment policy:-

1. In the purchase of securities, first consideration shall be given to growth of capital with due regard to safety of principal and income;
2. Not more than 10% of the assets of the Company may at any time be invested in one security with the exception of government securities; and
3. All securities other than government securities purchased by the Company shall be listed on recognized stock exchanges provided that the Company may purchase securities not so listed up to a maximum of 20% of the assets of the Company and may purchase securities not so listed in excess of 20% of the assets of the Company with approval of the Board of Directors.

BORROWING POWERS

Pursuant to a by-law of the Company the Board of Directors may from time to time borrow money from the Company's banker upon the

credit of the Company and give security therefor.

4. OFFICERS AND DIRECTORS

The Officers and Directors of the Company are as follows:-

| <u>Office</u> | <u>Name</u> | <u>Home Address</u> |
|-----------------------------|---|--|
| President and Director | Herbert Christopher Andreae Investment Counsel | 38 Dunvegan Road Toronto 7, Ontario |
| Vice-President and Director | James Francis Cole Investment Counsel | 283 Riverside Drive Toronto 3, Ontario |
| Director | George Frederick Bain Economist | 1060 Cedar Grove Boulevard Oakville, Ontario |
| Director | Laurence Melville Savage Company Director | R. R. #4 Galt, Ontario |
| Secretary and Treasurer | Marius Elisabertus Kossen Accountant | 60 North Hills Terrace Apt. 213 Don Mills, Ontario |

5. MANAGEMENT

The Company does not have an investment advisory committee or similar body. The management of the Company is under the direct supervision of its Board of Directors. By Agreement dated September 2, 1960, the Company retains the services of Andreae, Cole & Company Limited (formerly Andreae, Cole & Thompson Limited), 55 Yonge Street, Toronto 1, Ontario as Investment Counsel. Andreae, Cole & Company Limited is an Ontario company which was incorporated in July, 1956 and which is owned and operated by the said Herbert Christopher Andreae. Andreae, Cole & Company Limited is an Investment Counsel and has carried on the business of an Investment Counsel in the City of Toronto since its incorporation. The said Agreement provides that Andreae, Cole & Company Limited shall be paid an investment fee of 1/4 of 1% per fiscal quarter payable at the end of each fiscal quarter on the net asset value of the Company at the end of each such fiscal quarter. The Company assumes such other expenses as are incurred in the normal operation of its business.

6. AUDITORS

The auditors of the Company are Price Waterhouse & Co., 55 Yonge Street, Toronto 1, Ontario.

7. REGISTRAR AND TRANSFER AGENT

The Company shall act as its own registrar and transfer agent at the head office of the Company to and including February 4, 1963. From and including February 5, 1963 Canada Permanent Toronto General Trust Company at its office at 253 Bay Street, Toronto 1, Ontario, shall act as Registrar and Transfer Agent.

8. CAPITALIZATION OF COMPANY

The original authorized capital of the Company was \$200,000 divided into 999,000 Class "A" shares with a par value of 20 cents each and 1,000 common shares with a par value of 20 cents each.

The authorized and issued capital of the Company as at November 30, 1962 is as follows:-

- (i) of the original authorized capital of 999,000 Class "A" shares of the par value of 20 cents each, 312,462 shares have been issued as fully paid up and 23,063 thereof have been redeemed thereby reducing the authorized capital of the Company to 975,937 Class "A" shares; and
- (ii) 1,000 common shares of the par value of 20 cents each of which 30 shares have been issued as fully paid up.

9. DESCRIPTION OF CLASS "A" SHARES

The Class "A" shares of the Company are the only shares of the Company offered to the public for sale. Under the letters patent dated August 23, 1960 of the Company, it is provided that Class "A" shares and common shares have attached to them the following preferences; priorities, rights and privileges, limitations and conditions:-

- (1) Each holder of the said Class "A" shares shall be entitled at the end of any one (1) month to require the Company to the extent that the Company has capital redemption reserve available for such purposes and out of such reserve, as hereinafter provided, to redeem all or any part of such Class "A" shares registered in the name of such holder upon the books of the Company at the liquidating value of such shares (less one per cent (1%) of the liquidating value as a redemption fee); the method of computing such liquidating value, the time as of which such liquidating value shall be computed, and the time of payment therefor shall be determined as hereinafter provided;

- (2) In the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of the Class "A" shares shall be entitled to receive, before any distribution of any part of the assets of the Company among the holders of the common shares, the par value of the Class "A" shares; thereafter the holders of the common shares shall be entitled to receive the par value of the common shares; and thereafter the holders of the Class "A" shares and common shares shall rank equally share for share in any remaining assets of the Company;
- (3) The common shares shall not be subject to redemption but in all other respects the common shares shall rank equally with the said Class "A" shares with the exception of the preference in favour of the Class "A" shares in the event of the liquidation, dissolution or winding up of the Company;
- (4) All moneys received by the Company as subscription for its shares over and above the par value of Twenty cents (20¢) for each such share shall be added to and form part of the capital redemption reserve, except that amount equivalent to the per share amount of net earned income at the date of the subscription for each share, which amount shall be added to the paid-in income account;
- (5)
 - (a) The liquidating value of each share of the said Class "A" shares presented to the Company for redemption shall be determined as at the close of business on the last business day of each month such share or shares are presented to the Company for redemption, providing that the Toronto Stock Exchange is open and if the Toronto Stock Exchange is not open on such day of presentation it shall be determined as at the close of business on the next full business day on which the Toronto Stock Exchange is open following the day of presentation of such share or shares for redemption;
 - (b) The liquidating value of each share of the said Class "A" shares of the Company as of any particular time shall be the quotient obtained by dividing the value as at such time of the net assets of the Company (that is, the value of the assets of the Company less its liabilities, exclusive of shareholders' equity represented by paid-up capital and the balances of surplus and income accounts) by the total number of shares of the Company of both classes outstanding at such time, all determined and computed as follows:

- A. The assets of the Company shall be deemed to include (a) all cash on hand, on deposit or on call; (b) all bills and notes and accounts receivable; (c) all shares and subscription rights and other securities owned or contracted for by the Company other than its own shares; (d) all stock and cash dividends and cash distribution to be received by the Company and not yet received by it but declared to shareholders of record on a date on or before the date as of which net liquidating value is being determined; (e) all interest accrued on any fixed interest bearing securities owned by the Company; and (f) all other property of every kind and nature; including prepaid expenses;

The value of such assets to be determined as follows:

- (I) The value of any cash on hand, on deposit or on call, bills and notes and accounts receivable, prepaid expenses, cash dividends and accrued interest declared or accrued as aforesaid and not yet received shall be deemed to be the face amount thereof, unless the board of directors shall have determined that any such deposit, call loan, bill, note or account receivable is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the board of directors shall deem to be the reasonable value thereof;
- (II) The value of any share of stock, bond subscription, right or other security which shall be dealt in upon a recognized public stock exchange shall be determined by the closing sale price and in the case of securities that did not trade the average between the closing asked and bid price therefor, on the date on which such value is being determined, all as reported by any report in common use or authorized as official by a recognized public stock exchange;

- (III) The value of any share of stock, bond, subscription, right or other security which shall not be listed or dealt with in or on any exchange shall be determined as nearly as may be in the manner described in the next preceding subparagraph, except that there may be used for the purpose of determining the sale price or the asked and bid prices any published quotations in common use which may be available; and
 - (IV) In the case of any security or property for which no price quotations are available as above provided, the value thereof shall be determined from time to time by the board of directors in such manner as they shall deem appropriate;
- B. The liabilities of the Company shall be deemed to include (a) all bills and notes and accounts payable; (b) all administrative expenses payable and/or accrued (including management fees); (c) all contractual obligations for the payment of money or property, including the amount of any unpaid dividend declared on the Company's shares and payable to shareholders of record on the date as of which the value of the Company's shares is being determined; (d) all allowances authorized or approved by the board of directors for taxes or contingencies; and (e) all other liabilities of the Company of whatsoever kind and nature except liabilities represented by outstanding shares and surplus of the Company;
- C. For the purpose hereof:
- (i) shares of any class of the Company subscribed for shall be deemed to be outstanding as of the time of acceptance of any subscription and the entry thereof upon the books of the Company and the amount received or receivable by the Company therefor shall be deemed to be an asset of the Company; and
 - (ii) Class "A" shares presented for redemption by the Company shall be deemed to be outstanding until the close of business on the

date as of which the liquidating value thereof is being determined, and thereupon until paid the redemption price thereof shall be deemed to be a liability of the Company;

- (6) Payment of the liquidating value of such Class "A" shares of the Company tendered to it for redemption as aforesaid shall (subject to the provisions of the next succeeding clause) be made by the Company to the extent that the Company will have any reserve available for such purpose as aforesaid, and out of such reserve within five (5) business days after the liquidating date as of which such shares are being redeemed, the actual amount so paid to be debited to the capital redemption reserve and the income accounts of the Company in the proportion which these accounts bear to the number of shares of all classes outstanding at the date of redemption;
- (7) If as of any liquidating date the requests for redemption of Class "A" shares are in excess of the reserve available for such purposes, redemption shall be on a pro rata basis on the shareholdings so tendered for redemption; no shares shall be redeemed if the effect is to render the Company insolvent; every shareholder so tendering shares for redemption shall have redeemed by the Company the same percentage of shares so tendered for redemption as every other shareholder tendering shares for redemption as of such liquidating date; and
- (8) The authorization for an application for the issue of Supplementary Letters Patent to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class "A" shares or to create preference shares ranking in priority to or on a parity with the Class "A" shares, in addition to the authorization by a special resolution, may be given by at least two-thirds (2/3) of the votes cast at a meeting of the holders of the Class "A" shares duly called for that purpose.

10. NO BONDS OR DEBENTURES OR OTHER SECURITIES

The Company does not have any bonds or debentures or other securities issued which will rank ahead of or pari passu with the Class "A" shares and does not propose to issue any such bonds, debentures or other securities.

11. CUSTODIAN

The Company has not entered into any trustee agreements in respect of the holding of the Company's assets to protect the liability to the public.

However, all securities owned by the Company are held in safekeeping at a Canadian chartered bank in the City of Toronto and may be withdrawn only upon order duly executed by the proper signing officials of the Company in accordance with the Company's by-laws.

12. INDEBTEDNESS

There is no substantial indebtedness to be created or assumed by the Company which is not shown in the balance sheet of the Company as at November 30, 1962, forming part of this Prospectus.

13. NO OPTIONS

There are no options outstanding and none are proposed to be given by the Company in respect of the sale of the Company's securities.

14. METHOD OF SALE

The Company as a Security Issuer offers to the public by this Prospectus its unissued Class "A" shares. A purchaser of the Class "A" shares is required to complete, sign and file with the Company an application for the purchase of such shares. No commission is charged or paid by the Company on the sale of its shares.

15. NUMBER OF SECURITIES OFFERED

There are offered by this Prospectus 663,524 unissued Class "A" shares of the par value of 20 cents each in the capital stock of the Company (23,014 Class "A" shares of the par value of 20 cents each having been sold since November 30, 1962). The offering price to the public of the shares offered by this Prospectus is an amount equivalent to the net asset value from time to time as determined in accordance with the provisions of the Company's letters patent (which provisions are included in this Prospectus under the heading "Description of Class "A" Shares"). No commission is charged or paid by the Company on the sale of its shares. The issue price for the shares is payable in cash to the Company.

843,795 Class "A" shares of the Company have been offered for sale since November 30, 1961. During the period from November 30, 1961 to November 30, 1962, 157,257 Class "A" shares of the par value of 20 cents each were issued as fully paid up for a total consideration in cash of \$333,173.26. During the said period, the Company redeemed 22,752 Class "A" shares of the par value of 20 cents each for a total redemption price paid in cash of \$44,942.74. At November 30, 1962 there were 686,538 unissued Class "A" shares of the par value of 20 cents each.

16. ESTIMATED NET PROCEEDS

The estimated net proceeds to be derived from the sale of Class "A" shares hereby offered is dependent on the issue price from time to time and no estimate can be made of the number of shares that will be sold or the estimated net proceeds to be derived from the shares offered.

17. USE OF NET PROCEEDS

The net proceeds to the Company from the sale of the shares offered by this Prospectus will be used for the general purposes of the Company.

18. NO MINIMUM AMOUNT OF PROCEEDS

In the opinion of the Board of Directors of the Company, no minimum amount must be raised by the issue of the Class "A" shares offered by this Prospectus in order to provide the sums required to be provided to pay the purchase price of any property, any preliminary expenses payable by the Company, any commission payable by the Company, the repayment of any moneys borrowed by the Company in respect of the foregoing matters or the repayment of any bank loans.

19. NO AGREEMENT WITH UNDERWRITERS

The Company has no agreement with an underwriter in respect of its Class "A" shares.

20. REMUNERATION OF DIRECTORS

The by-laws of the Company permit the remuneration of Directors as determined, from time to time, by the Board of Directors and provide for the reimbursement of Directors for travelling and other expenses properly incurred in connection with the affairs of the Company. The Company has no investment advisory committee or similar body. However, the Board of Directors has laid down the general policy that no Director, Officer or other official of the Company, as such, will be paid any salary for his services to the Company.

21. NO REMUNERATION PAID DIRECTORS

The Company has paid no remuneration to any Director or Officer of the Company, as such, during its fiscal years ending November 30, 1960, November 30, 1961 and November 30, 1962. The Company does not propose to pay any remuneration to any Director or Officer of the Company, as such, during the current fiscal year.

22. NO COMMISSIONS PAID ON SUBSCRIPTIONS

No amount has been paid or is intended to be paid by the Company as a commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any securities of the Company.

23. BUSINESS PERIOD

The Company has been carrying on business for more than one year.

24. PARTICULARS OF PROPERTY ACQUIRED

Except for transactions entered into in the ordinary course of operations or on the general credit of the Company, the Company has not purchased or acquired any property and does not propose to purchase or acquire any property in the future, the purchase price of which is to be defrayed in whole or in part out of the proceeds of this issue or the purchase price of which has been paid by the Company within the last two preceding years.

25. NO SHARES ISSUED FOR OTHER THAN CASH

The Company has not issued or agreed to issue any of its securities for consideration other than cash within the two preceding years.

26. NO OBLIGATIONS OFFERED

No obligations are offered by this Prospectus.

27. NO SECURITIES FOR SERVICES

Exclusive of services rendered or to be rendered to the Company in the ordinary course of business, which may sooner or later be paid for wholly or partly out of the proceeds of the issue of the shares offered by this Prospectus, no services have been rendered or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of such proceeds. No services have been rendered to the date of this Prospectus or are to be rendered to the Company in the future which are to be paid for by securities of the Company.

28. NO PAYMENTS TO PROMOTER

No amount has been paid by the Company or is intended to be paid to any promoter.

29. MATERIAL CONTRACTS

No material contract has been entered into by the Company within the two preceding years, except the said Agreement dated September 2, 1960 to retain Andreae, Cole & Company Limited as Investment Counsel as aforesaid has been renewed. A copy of the said Agreement with Andreae, Cole & Company Limited may be inspected during ordinary business hours on any business day at the head office of the Company, 55 Yonge Street, Toronto 1, Ontario.

30. INTEREST OF DIRECTORS

None of the Directors has any direct interest in the promotion of the Company or in any property acquired by the Company within the two preceding years or proposed to be acquired by it.

31. NO BUSINESS ACQUIRED

The Company has carried on business since September 2, 1960. The Company has not acquired and does not propose to acquire a business which has been carried on for less than three years.

32. NO KNOWN CONTROL OF COMPANY

No person or persons are known who, by reason of beneficial ownership of shares or agreement in writing, are in a position to or entitled to elect or cause to be elected a majority of the Directors of the Company.

33. DIVIDENDS PAID

During the fiscal years ending November 30, 1961 and November 30, 1962, the Company paid cash dividends to the holders of Class "A" shares and common shares as follows:-

| | <u>1961</u> <u>Fiscal Year</u> | <u>1962</u> <u>Fiscal Year</u> |
|-----------------------------------|-----------------------------------|-----------------------------------|
| <u>Amount per Class "A" share</u> | <u>Aggregate</u> | <u>Aggregate</u> |
| 2 cents per share | \$1,676.53 | \$5,678.42 |
| <u>Amount per common share</u> | <u>Aggregate</u> | <u>Aggregate</u> |
| 2 cents per share | .60 | .60 |

34. OTHER MATERIAL FACTS AND INFORMATION

Dividend Policy. The Board of Directors has laid down a general dividend policy for the Company for the current and subsequent fiscal years as follows:-

- (1) The Company shall distribute by way of an annual dividend all paid-in income on hand at the end of each such fiscal year plus at least 85% of its net operating revenue after all expenses during any such fiscal year;
- (2) Such annual dividend is to be paid in respect of any such fiscal year during the first quarter following the fiscal year end of any such fiscal year.

Re-investment of Dividends. A Shareholder is permitted to give a dividend order to the Company authorizing it to apply all dividends payable in respect of the shares of the Company registered in the name of such Shareholder to the purchase of Class "A" shares of the Company, the price per share to be paid being the net asset value per share as at the close of business on the last preceding valuation day; no fee will be charged to such Shareholders in respect of the re-investment of such dividends in Class "A" shares of the Company.

Income Tax. Shareholders of the Company who were resident in Canada in 1962 should qualify for the 20% tax credit allowed by The Income Tax Act of Canada on all dividends received from a Canadian company during the calendar year.

Re-investment of Net Profits. Net profits realized on the sale of securities are to be placed to the reserve for re-investment and are not to be used as distributable surplus.

Fiscal Year. The fiscal year of the Company terminates on November 30.

Reports to Shareholders. The financial statements (including a statement of investments held) as reported on by the Company's auditors shall be forwarded to all Shareholders each year.

Voting Rights. Each Class "A" share and each common share in the capital stock of the Company is entitled to one vote and represents an equal interest in the Company's assets.

DATED the 23rd day of January, 1963.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 40 of The Securities Act (Ontario), and there is no further material information applicable other than in the financial statements or reports where required.

Directors

"H. C. Andreae"
Herbert Christopher Andreae

"J. F. Cole"
James Francis Cole

"L. M. Savage"
Laurence Melville Savage

"George F. Bain"
George Frederick Bain

PRICE WATERHOUSE & CO.

55 YONGE STREET
TORONTO 1

December 28, 1962.

Auditors' Report to the Directors of
ANDREAE-COLE FUND LIMITED:

We have examined the financial statements of Andreae-Cole Fund Limited as at November 30, 1962. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying statements of financial position and investments held and statements of surplus accounts, changes in net assets and income and expenses present fairly the financial position of the company as at November 30, 1962 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

"PRICE WATERHOUSE & CO."
Chartered Accountants.

ANDREAE-COLE FUND LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT NOVEMBER 30, 1962

Assets:

Cash-

| | | |
|--|----------------|-----------|
| Firm's account | \$ 14,077 | |
| Shareholders' trust account | 108 | |
| Interest accrued and dividends receivable | 3,895 | |
| Investments in marketable securities valued on the basis of market quotations, per statement attached (cost - \$584,061) | <u>606,108</u> | \$624,188 |

Liabilities:

| | | |
|--|--------------|--------------|
| Accounts payable and accrued liabilities | \$ 2,688 | |
| Amounts owing to shareholders | 108 | |
| Income taxes payable | <u>1,010</u> | <u>3,806</u> |

Net assets \$620,382

Represented by:

Capital stock and surplus:

Capital stock-

Class "A" shares with a par value of 20 cents
each, redeemable at the shareholders'
request at 99% of the liquidating value
thereof-

Authorized- 975,937 shares (original
authorization less 23,063 shares
redeemed to date)

Issued- 289,399 shares (During the year
157,257 shares were issued for cash
and 22,752 shares were redeemed.)

\$ 57,880

Common shares with a par value of 20 cents
each-

Authorized- 1,000 shares

Issued- 30 shares

6

\$ 57,886

Surplus, per statement attached-

Contributed surplus-

Capital redemption reserve 520,049

Paid-in income 8

Reserve for reinvestment (net realized gain
on sale of investments)

19,137

Unrealized appreciation in value of investments 22,047

Earned surplus 1,255

562,496

APPROVED ON BEHALF OF THE BOARD

\$620,382

"H. C. Andreae" Director

"J. F. Cole" Director

ANDREAE-COLE FUND LIMITED

STATEMENT OF SURPLUS ACCOUNTS
FOR THE YEAR ENDED NOVEMBER 30, 1962

Contributed surplus-

| | Capital redemption reserve | Paid-in income |
|--|----------------------------------|-------------------|
| Balance November 30, 1961 | \$259,421 | \$ 409 |
| Add- Portion of proceeds on issue of Class "A" shares during the year | <u>300,857</u> | <u>865</u> |
| | 560,278 | 1,274 |
| Deduct- | | |
| Portion of amount paid to shareholders on redemption of Class "A" shares during the year | 40,229 | 163 |
| Amount transferred to earned surplus | <u>-</u> | <u>1,103</u> |
| | 40,229 | 1,266 |
| Balance November 30, 1962 | <u>\$520,049</u> | <u>\$ 8</u> |

Reserve for reinvestment-

| | |
|---|-----------------|
| Balance November 30, 1961 | \$18,814 |
| Net realized gain on sale of investments during the year | <u>323</u> |
| Balance November 30, 1962 | <u>\$19,137</u> |

Unrealized appreciation in value of investments-

| | |
|--|-----------------|
| Balance November 30, 1961 | \$40,565 |
| Deduct- Decrease in unrealized appreciation in value of investments | <u>18,518</u> |
| Balance November 30, 1962 | <u>\$22,047</u> |

Earned surplus-

| | |
|---|-----------------|
| Balance November 30, 1961 | \$ 64 |
| Add- Net income for the year, per statement attached | <u>5,767</u> |
| | 5,831 |
| Deduct- | |
| Dividends paid | \$ 5,679 |
| Less- Amount transferred from paid-in income account | <u>1,103</u> |
| | 4,576 |
| Balance November 30, 1962 | <u>\$ 1,255</u> |

ANDREAE-COLE FUND LIMITED

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED NOVEMBER 30, 1962

Net assets at November 30, 1961 \$350,258

Add:

| | | |
|--|------------|----------------|
| Proceeds on issue of Class "A" shares | | |
| credited to the following accounts- | | |
| Class "A" share capital | \$ 31,451 | |
| Contributed surplus- | | |
| Capital redemption reserve | 300,857 | |
| Paid-in income | 865 | |
| Net income for the year | 5,767 | |
| Net realized gain on sale of investments | <u>323</u> | |
| | | <u>339,263</u> |
| | | 689,521 |

Deduct:

| | | |
|---|---------------|---------------|
| Amount paid to shareholders on redemption | | |
| of Class "A" shares, charged to the | | |
| following accounts- | | |
| Class "A" share capital | 4,550 | |
| Contributed surplus- | | |
| Capital redemption reserve | 40,229 | |
| Paid-in income | 163 | |
| Dividends paid | 5,679 | |
| Decrease in unrealized appreciation in | | |
| value of investments | <u>18,518</u> | |
| | | <u>69,139</u> |

Net assets at November 30, 1962 \$620,382

ANDREAE-COLE FUND LIMITED

STATEMENT OF INCOME AND EXPENSES

| | Year ended November 30 | | From incorporation on August 23, 1960 to November 30, 1960 |
|--|---------------------------|--------------|--|
| | <u>1962</u> | <u>1961</u> | <u>November 30, 1960</u> |
| Income: | | | |
| Dividends | \$ 8,386 | 2,759 | 77 |
| Interest | <u>6,885</u> | <u>303</u> | <u>91</u> |
| | 15,271 | 3,062 | 168 |
| Expenses: | | | |
| Audit fees | 750 | 450 | |
| Bank charges | 850 | 401 | 32 |
| Investment counsel fees | 5,092 | | |
| Legal fees | 370 | | |
| Provision for income taxes | 1,050 | 110 | 30 |
| Registration fees | 445 | 351 | |
| Stationery and printing | 411 | | |
| Withholding taxes on foreign income | <u>536</u> | <u>115</u> | |
| | 9,504 | 1,427 | 62 |
| Net income for the period | <u>\$ 5,767</u> | <u>1,635</u> | <u>106</u> |

To the Directors of
ANDREAE-COLE FUND LIMITED:

Having examined the books and accounts of Andreae-Cole Fund Limited for the three fiscal periods ended November 30, 1962, we report that in our opinion the above statement fairly presents the net income of the company for the fiscal periods indicated.

"PRICE WATERHOUSE & CO."
Chartered Accountants.

TORONTO, December 28, 1962.

ANDREAE-COLE FUND LIMITED

STATEMENT OF INVESTMENTS HELD
AS AT NOVEMBER 30, 1962

| B O N D S | <u>Par value of bonds</u> | <u>Cost</u> | <u>Value based on market quotations</u> |
|---|-------------------------------|------------------|---|
| Government of Canada | | | |
| Government of Canada- 5½% due April 1, 1963 | \$155,000 | \$155,828 | \$159,495 |
| Corporate | | | |
| Abitibi Power & Paper Company, Limited- 4½% Series "A" Convertible due September 15, 1966 | 25,000 | 25,720 | 25,000 |
| Loblaw Groceterias Co., Limited- 4¾% Series D Convertible due October 1, 1976 | 25,000 | 33,800 | 34,250 |
| Simpsons, Limited- 5% Convertible Series "B" due December 1, 1976 | 25,000 | 28,450 | 30,500 |
| Total bonds | | <u>\$243,798</u> | <u>\$249,245</u> |
| COMMON STOCKS - FINANCIAL AND INDUSTRIAL | <u>Number of shares</u> | | |
| Banks and trust companies | | | |
| Bank of Nova Scotia | 200 | \$ 13,890 | \$ 14,300 |
| Canadian Imperial Bank of Commerce | 200 | <u>10,830</u> | <u>12,675</u> |
| | | <u>24,720</u> | <u>26,975</u> |
| Insurance and finance | | | |
| Investors Syndicate of Canada, Limited | 100 | <u>4,690</u> | <u>5,275</u> |
| Public utilities and pipelines | | | |
| The Alberta Gas Trunk Line Company Limited | 400 | 11,978 | 10,900 |
| American Telephone and Telegraph Company | 100 | 11,476 | 12,347 |
| British Columbia Power Corporation, Limited | 800 | 13,665 | 14,500 |
| Power Corporation of Canada, Limited | 200 | 11,286 | 14,800 |
| Shawinigan Water and Power Company | 500 | <u>13,175</u> | <u>12,375</u> |
| | | <u>61,580</u> | <u>64,922</u> |
| Forward | | \$ 90,990 | \$ 97,172 |

| | <u>Number of shares</u> | <u>Cost</u> | <u>Value based on market quotations</u> |
|---|-----------------------------|---------------|---|
| Forward | | \$ 90,990 | \$ 97,172 |
| Foods and beverages | | | |
| Dominion Stores Limited | 750 | 10,340 | 9,844 |
| Hiram Walker-Gooderham & Worts Limited | 200 | 10,817 | 10,900 |
| George Weston Limited, Class "B" | 600 | 9,746 | 12,450 |
| | | <u>30,903</u> | <u>33,194</u> |
| Tobacco | | | |
| Imperial Tobacco Company of Canada, Limited | 1,000 | <u>13,250</u> | <u>14,625</u> |
| Merchandising | | | |
| Stedman Bros. Limited | 700 | <u>9,414</u> | <u>11,637</u> |
| Business forms and equipment | | | |
| International Business Machines Corporation | 30 | <u>13,550</u> | <u>12,878</u> |
| Electrical and electronic | | | |
| General Electric Company | 100 | <u>7,907</u> | <u>8,052</u> |
| Publishing and communications | | | |
| American Broadcasting - Paramount Theatres, Inc. | 306 | 9,652 | 11,125 |
| The Southam Company Limited | 400 | <u>12,190</u> | <u>12,850</u> |
| | | <u>21,842</u> | <u>23,975</u> |
| Chemicals | | | |
| Air Products and Chemicals Inc. | 200 | 12,317 | 14,219 |
| DuPont of Canada Limited | 500 | <u>12,728</u> | <u>18,875</u> |
| | | <u>25,045</u> | <u>33,094</u> |
| Automotive | | | |
| General Motors Corporation | 200 | <u>10,710</u> | <u>11,984</u> |
| Heavy industry | | | |
| Cincinnati Milling Machine Company | 400 | <u>17,364</u> | <u>16,697</u> |
| Transportation | | | |
| Southern Pacific Company | 300 | <u>9,549</u> | <u>9,291</u> |
| Forward | | \$250,524 | \$272,599 |

| | <u>Number of shares</u> | <u>Cost</u> | <u>Value based on market quotations</u> |
|--|-----------------------------|-------------------|---|
| Forward | | \$ 250,524 | \$ 272,599 |
| COMMON STOCKS - NATURAL RESOURCES | | | |
| Forest products | | | |
| Abitibi Power & Paper Company, Limited | 300 | <u>13,607</u> | <u>12,487</u> |
| Oil and gas | | | |
| Royal Dutch Petroleum Company | 300 | 11,720 | 13,371 |
| Texaco Incorporated | 200 | <u>12,492</u> | <u>12,334</u> |
| | | <u>24,212</u> | <u>25,705</u> |
| Metal and mining | | | |
| International Minerals and Chemicals Corp. | 200 | 11,655 | 9,452 |
| International Nickel Company of Canada, Limited | 150 | 11,670 | 10,444 |
| Kaiser Aluminum and Chemical Corporation | 400 | 15,341 | 15,081 |
| Reynolds Metals Company | 400 | <u>13,254</u> | <u>11,095</u> |
| | | <u>51,920</u> | <u>46,072</u> |
| Total common stocks | | <u>\$ 340,263</u> | <u>\$ 356,863</u> |
| Total investments | | <u>\$ 584,061</u> | <u>\$ 606,108</u> |

Your opportunity to enjoy
continuous, professional, management
of your stock investments
through . . .

W. J. S.

ANDREAE EQUITY INVESTMENT
FUND LIMITED

A mutual investment fund with no sales commission

OCT 10 1963

ANDREAE EQUITY INVESTMENT
FUND LIMITED

Suite 1002
55 Yonge Street
Toronto 1

EM. 3-5118

A STATEMENT OF POLICY

Your Fund has as its objective, growth in earning power through the careful management of the capital represented by your shares. In a growing economy the current return from dividends paid out by well managed industrial companies is low by historical standards, in part because well managed companies find ample opportunity to reinvest a substantial portion of their profits. The way to capital accumulation and ultimately higher income through savings after taxes, has become progressively more difficult for the individual. The investor is best served by placing his funds in shares of a corporation practising corporate thrift and reinvestment on behalf of its shareholders, although this does mean the acceptance of a currently lower spendable income from the investment.

The policy of your Fund is to pursue such a course, having in mind, that if capital values are preserved and even enhanced, ultimately larger income will follow in its train. Constant supervision of the investment portfolio and permanent re-evaluation of holdings are the prerequisites to successful investment management. The principle of diversification of holdings is also very important.

The value of stock prices responds to pressures of supply and demand. These two factors are influenced by the expectations of buyers and sellers. Such expectations are responsive to a host of varying influences any one of which can assume a dominant role, overshadowing for the time being other less obvious factors. This gives rise to over-optimism, sometimes called confidence, and at other times over-pessimism, sometimes called caution. Waves of confidence and caution do not succeed each other with rigid regularity, they do however present occasional opportunities for selling stocks which may be replaced at a later date with alternative investments.

Though the market is popularly thought of as an entity in which stocks move in the same directions at the same time, this is not in fact true. Fashions develop for stocks enjoying a common attribute. These sometimes become the object of general pursuit. This drives such stock groups to prices which invite selling, while others of possible merit may languish through neglect of investment attention until their attributes are more widely sought after.

To give an illustration, in 1961 growth stocks were in the height of fashion, while those representing sound value but unexciting growth were depressed through neglect. The 1962 market break served to remind investors of the virtues of stolid value, and in the early part of 1963 such stocks were bid up to prices which had not been seen for many years.

In an environment which is constantly changing, the alert investment manager attempts to emphasize those areas which offer least risk together with good opportunity for relative gain. Your management attempts to be alert.

In early 1963 the shares of your Fund reached a new high exceeding the previous top attained in December 1961. It is interesting to note that a substantial change in the pattern of your holdings took place between those dates. Had your Fund remained unchanged the value of your shares would stand at \$2.26 June 1st, 1963 against an actual value of \$2.42.

The policy of your investment managers continues to be to attempt to improve upon this value in the longer term. Since we are cognizant that markets may not always accomodate our desire to improve the value of your shares, we will, as in the past, attempt to safeguard against serious loss by building up bonds and cash to have the money available to buy common stocks at lower prices. This of course carries the risk of retarding short term, temporary growth, in the interest of solid long term achievement.

H.C.Andreae
President

How The Open-End Funds Compare

Based on Net Assets Per Share — Cumulative Results

The tabulations below show the asset value growth record on a cumulative basis of an investment (e.g. \$1,000) in fund shares. Calculations assume that all dividends and distributions have been reinvested and the result is expressed as a percent change in net assets per share.

| | 1962/62 | 1961/62 | 1960/62 | 1959/62 | Jan. 1/Dec. 31 1958/62 | 1957/62 | 1956/62 | 1955/62 | 1954/62 | 1953/62 |
|-------------------------------------|------------------|------------------|------------------|-------------------|---------------------------|-------------------|---------|---------|------------------|---------|
| | % | % | % | % | % | % | % | % | % | % |
| Balanced Funds | | | | | | | | | | |
| Champion Mutual | -8 | +12 | +14 | +17 | +49 | +31 | +39 | .... | .... | .... |
| Commonwealth International | -5 | +15 | +15 | +26 | +64 | +42 | +45 | +77 | +151 | +147 |
| Commonwealth Int'l Leverage | -13 | +12 | +12 | +23 | +92 | +51 | +52 | +84 | +171 | +160 |
| Corporate Investors | -0.3 | +19 | +25 | +29 | +67 | +48 | +55 | +83 | +158 | +160 |
| Federated Growth | -10 | +5 | .... | .... | .... | .... | .... | .... | .... | .... |
| Fonds Collectif, "A" | -2 | +22 | +26 | +30 | +49 | +46 | .... | .... | .... | .... |
| Investors Mutual | -5 | +14 | +20 | +25 | +60 | +46 | +57 | +88 | +156 | +165 |
| McLean, Budden | -8 | +6 | +10 | +15 | +43 | +30 | +35 | +59 | +106 | +112 |
| Provident Mutual | -11 [▲] | | | | | | | | | |
| Savings & Investment | -4 | +23 | +25 | +27 | +51 | +44 | .... | .... | .... | .... |
| Timed Investment | +1 | +28 | +35 | +40 | +68 | +63 | +63 | .... | .... | .... |
| Common Stock Funds | | | | | | | | | | |
| → Andreae-Cole Fund | -3 | +36 | +57 | +79 | 106 | +122 | .... | .... | .... | .... |
| Community Unit | -3 | +18 | +27 | .... | .... | .... | .... | .... | .... | .... |
| Fonds Collectif, "C" | -15 | +14 | +21 | .... | .... | .... | .... | .... | .... | .... |
| North American Fund | -3 | +28 | +31 | +27 [§] | | | | | | |
| Fully Managed Funds | | | | | | | | | | |
| All-Canadian Funds | -1 | +28 | +14 | +18 | +61 | +58 | +79 | +128 | .... | .... |
| Associate Investors | -1 | +25 | +23 | +30 | +66 | +54 | +56 | +79 | +151 | +137 |
| Beaubran Corp. | -2 | +21 | +26 | +27 | +53 | +40 | +41 | +60 | +99 | +101 |
| Canada Growth | -10 | -5* | .... | .... | .... | .... | .... | .... | .... | .... |
| Canadian Anaesthetists | -6 | +13 | +15 | +18 | +31 | .... | .... | .... | .... | .... |
| Canadian Investment Fund | -2 | +24 | +26 | +29 | +60 | +44 | +50 | +80 | +146 | +142 |
| Canadian Trusteed | -9 | .... | .... | .... | .... | .... | .... | .... | .... | .... |
| Dominion Compound | -8 | +16 | +9 | +6 | .... | .... | .... | .... | .... | .... |
| Dominion Dividend | -8 | +16 | +9 | +6 | .... | .... | .... | .... | .... | .... |
| Dominion Equity | -0.2 | +26 | +32 | +38 | +71 | +57 | +59 | +84 | 133 | +143 |
| Grouped Income Shares | -8 | +11 | +4 | +10 | +46 | +21 | +30 | +61 | +133 | +130 |
| Guardian Growth | +1 | +96 | +118 | .... | .... | .... | .... | .... | .... | .... |
| Investors Growth | -7 | +17 | +13 | +20 | +45 | .... | .... | .... | .... | .... |
| Mutual Accumulating | -7 | +17 | +18 | +23 | +54 | +35 | +42 | +70 | +139 | +151 |
| Mutual Income | -7 | +17 | +18 | +23 | +54 | +35 | +42 | +70 | +139 | +151 |
| 1962 Executive | +5** | .... | .... | .... | .... | .... | .... | .... | .... | .... |
| Stockhod | -11 | .... | .... | .... | .... | .... | .... | .... | .... | .... |
| United Accumulative | -7 | +22 | +26 | +33 | +71 | .... | .... | .... | .... | .... |
| Specialty Funds | | | | | | | | | | |
| American Growth | -18 | +3 | +7 | +27 | +93 | .... | .... | .... | .... | .... |
| Cdn. Gas & Energy | -8 | +27 | +25 | .... | .... | .... | .... | .... | .... | .... |
| Canafund Company | -7 | +22 | +25 | +27 | +66 | +45 | +52 | +83 | +150 | +148 |
| European Growth | -6 | -6 | .... | .... | .... | .... | .... | .... | .... | .... |
| Farmers & Merchants | +2 | +24 | +12 [‡] | | | | | | | |
| First Oil & Gas | -4 | +34 | +16 | +4 [†] | | | | | | |
| Investors International | -16 | .... | .... | .... | .... | .... | .... | .... | .... | .... |
| Trans-Canada "C" | -7 | +18 | +10 | +19 | +54 | +23 | +29 | +64 | +130 | +111 |
| Bond Funds | | | | | | | | | | |
| Fonds Collectif, "B" | +6 | +14 | +27 | .... | .... | .... | .... | .... | .... | .... |
| Mutual Bond Fund | +6 | +13 | +27 | +22 | +29 | +44^{††} | .... | .... | .... | .... |
| Mutual Bond Income | +6 | .... | .... | .... | .... | .... | .... | .... | .... | .... |
| Trust Company—Bond Funds | | | | | | | | | | |
| Canada Trust Fixed Income | +5 | +12 | +21 | +21^{§§} | .... | .... | .... | .... | .... | .... |
| Guaranty Trust | nil | .... | .... | .... | .... | .... | .... | .... | .... | .... |
| Montreal Trust Income Section | +6 | +11 [■] | | | | | | | | |
| Trust Company—Equity Funds | | | | | | | | | | |
| Canada Trust Equity Section | -2 | +24 | +21 | +13^{§§} | .... | .... | .... | .... | .... | .... |
| Guaranty Trust | -8 | .... | .... | .... | .... | .... | .... | .... | .... | .... |
| Montreal Trust Equity Section | -4 | +5 [■] | | | | | | | | |
| Non-Resident Owned Funds | | | | | | | | | | |
| Axe-Templeton Growth | -14 | +2 | +16 | +33 | +98 | +64 | +62 | +84 | +87 [●] | |
| Canada General | -4 | +18 | +11 | +7 | +55 | +24 | +39 | +60 | +128 | +111 |
| Canadian International Growth | -12 | +0.2 | +1 | +23 | +65 | +37 | .... | .... | .... | .... |
| Dominion Compound (NRO) | -8 | +16 | +9 | +6 | .... | .... | .... | .... | .... | .... |
| Investors Inter-Continental | -12 | +6 | -5 | -5 | +28 | -4 | +11 | +15 | .... | .... |
| Keystone International | -16 | -2 | -2 | +10 | +50 | +18 | +32 | +46 | .... | .... |
| Loomis-Sayles | -9 | +16 | +24 | .... | .... | .... | .... | .... | .... | .... |
| New York Capital | -15 | +6 | +10 | +19 | +61 | +36 | +52 | +75 | .... | .... |
| Scudder Fund | -7 | +14 | +15 | +18 | +60 | +28 | +39 | +70 | .... | .... |
| UBS Fund | -14 | -0.1 | .... | .... | .... | .... | .... | .... | .... | .... |
| United Funds | -10 | +9 | +4 | +5 | +36 | +5 | +17 | +37 | .... | .... |

*From Aug. 15/61.
†From May 29, 1959.

§§From June 30/59.
●From Oct. 29/54.

**From Nov. 1/62.
††From Oct. 4/57.

■From May 1/61.
▲From Mar./62.

‡From April, 1960.
§From Feb. 23/59.

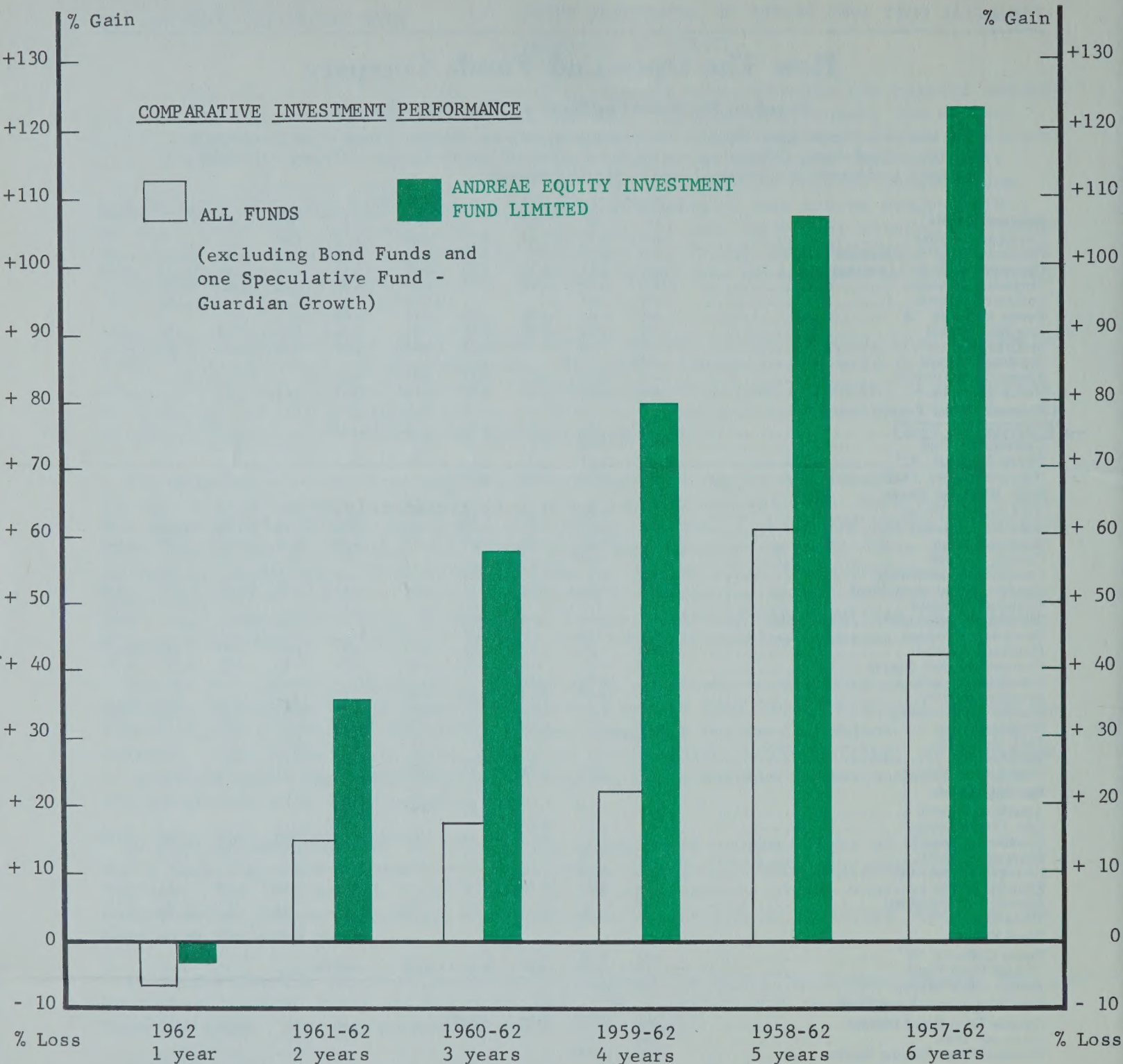
Number of Funds

54 48 43 38 32 28

Average Cumulative Result

% -7.0 +15.3 +17.4 +21.7 +60.2 +40.8

ALL FUNDS, EXCLUDING
BOND FUNDS AND ONE
SPECULATIVE FUND—
(Guardian Growth.)



The above is a graphic presentation of the cumulative percentage gains shown overleaf

Source: The Financial Post Survey of Investment Funds 1963

THE official prospectus and the latest quarterly report of Andreae Equity Investment Fund Limited are available on request.

FOR information and applications, write or telephone:

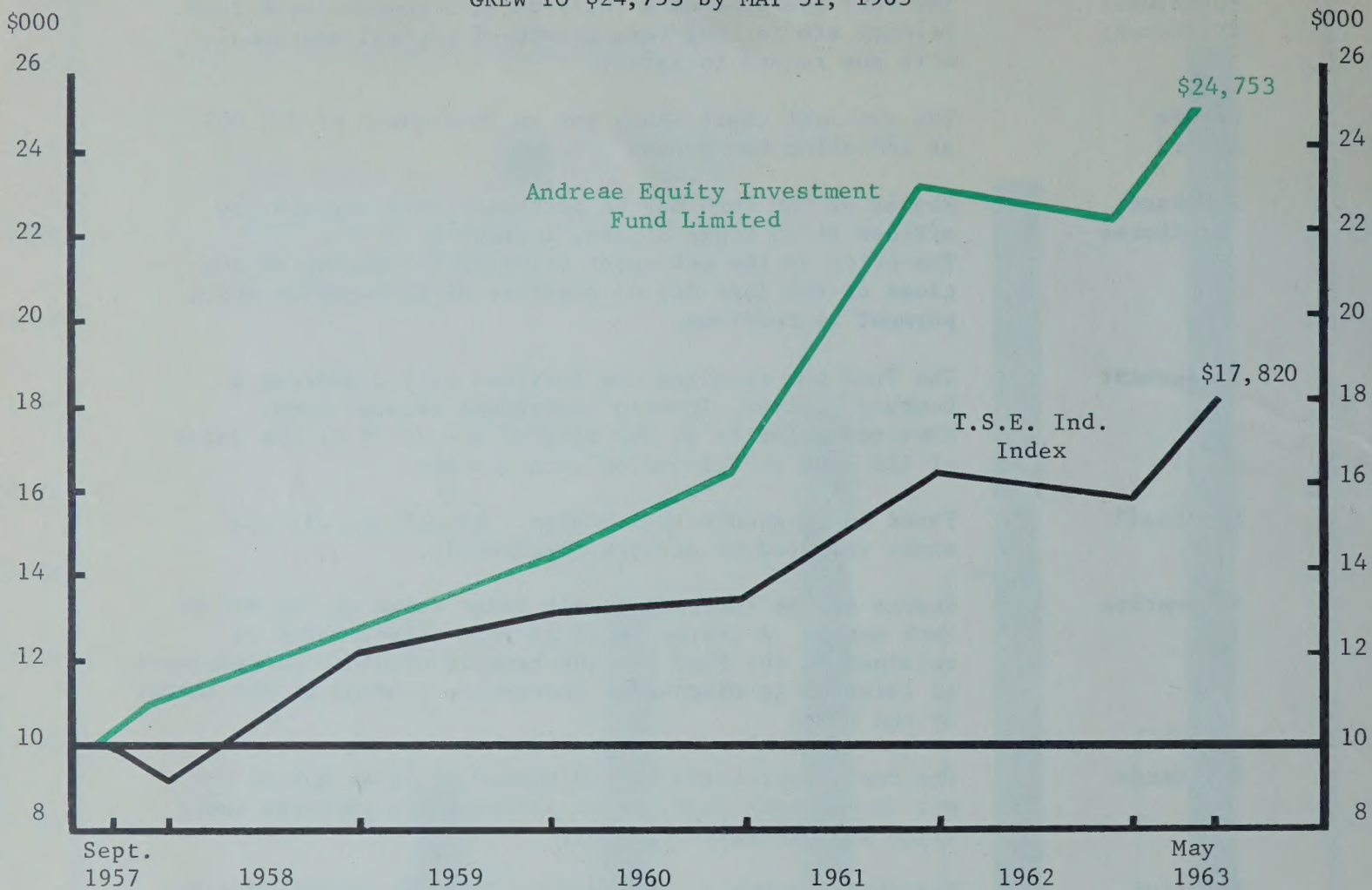
The Secretary
ANDREAE EQUITY INVESTMENT FUND LIMITED
Suite 1002
55 Yonge Street
Toronto 1

A mutual investment fund with no sales commission

ANDREAE EQUITY INVESTMENT FUND LIMITED

| | |
|----------------------------|--|
| Investment Philosophy | The Fund operates as a fully-managed common-stock Fund. Primary aim is long-term growth of capital and income with due regard to safety. |
| Growth Record | The overleaf chart shows how an investment of \$10,000 at inception has grown. |
| Purchase of Shares | Shares of the Fund may be purchased only through its offices at 55 Yonge Street, Toronto 1. The price is the net asset value of the shares at the close on the last day of business of the week in which payment is received. |
| Management | The Fund has retained the services of H.C.Andreae & Company Limited, Toronto investment counsel firm. Management fee is at the rate of 1/4 of 1% of the value of the Fund at the end of each quarter. |
| No "Load" | There is no acquisition charge. Therefore, all the money invested is at work immediately. |
| Redemption | Shares may be redeemed at net asset value at the end of each month. A charge of 1% of this value, which is retained in the Fund for the benefit of other shareholders, is intended to discourage short-term trading in the shares of the Fund. |
| Dividends | The Fund distributes as a dividend at least 85% of its net income each year. Most shareholders exercise their right to reinvest dividends. |
| Taxation | Shareholders who are residents of Canada qualify for the 20% tax credit on dividends paid by the Fund. |
| Reports | Annual and quarterly reports of the Fund include a list of securities held. A copy of the prospectus has been filed with the Ontario Securities Commission and is available upon request. |
| Weekly Quotations | Financial Post Mutual Fund list. |
| Auditors | Price Waterhouse & Co., Chartered Accountants, 55 Yonge Street, Toronto 1, Ontario. |
| Registrar & Transfer Agent | Canada Permanent Toronto General Trust Company, 253 Bay Street, Toronto 1, Ontario. |
| Custodian | Securities of the Fund are deposited with the Bank of Nova Scotia. |

CHART SHOWING HOW AN INVESTMENT OF \$10,000
IN THE FUND AT INCEPTION, SEPTEMBER 16, 1957,
GREW TO \$24,753 by MAY 31, 1963



BY COMPARISON AN INVESTMENT OF \$10,000 IN THE
20 INDUSTRIAL STOCKS COMPRISING THE TORONTO
STOCK EXCHANGE INDUSTRIAL INDEX WOULD, OVER
THE SAME PERIOD, HAVE GROWN TO \$17,820.
(assuming all dividends reinvested in both cases)

The above is a graphic presentation of the cumulative percentage
gains shown overleaf

Source: The Financial Post Survey of Investment Funds 1963

THE official prospectus and the latest quarterly report
of Andreae Equity Investment Fund Limited are
available on request.

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The Secretary
ANDREAE EQUITY INVESTMENT FUND LIMITED
Suite 1002
55 Yonge Street
Toronto 1
EM 3-5118

A mutual investment fund with no sales commission